

COMMONWEALTH OF VIRGINIA

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VIRGINIA HOUSING COMMISSION

FINAL COMMISSION MEETING GAB HOUSE ROOM D December 3, 2008, 10 A.M.

I. Welcome and Call to Order- *Senator Mamie Locke*

II. Mortgages Work Group- Proposed Legislation

a. *Delegate Daniel Marshall, Work Group Chair* –

- i. The legislation is still a work in progress; thanks to those who have put effort to get this bill before us.
- ii. Ask Joe Face to walk through changes made since last time it was presented in Hampton.

b. *Joe Face, SCC* –

- i. The federal SAFE Act passed last July, requires licensing registration of all mortgage loan originators (anyone who takes a mortgage loan application). Allows states to pass enabling legislation to accomplish the registering and licensing of the originators; otherwise, HUD will take the responsibility on the federal side.
- ii. This is the enabling legislation, allow department to license and register mortgage loan originators; national registry database, state developed, run, and managed.

c. *Susan Hancock- Deputy Commissioner*- changes to the legislation since the full Housing Commission meeting in Hampton:

- i. Reinserting “taking an application for” in definition of mortgage loan originator.
- ii. Line 34 – license requirements do not include any individual who only performs administrative or clerical tasks.
- iii. Loan modification language- not in this bill, but want to talk to HUD about this.
 1. *Travis Hill*- Issues with servicing and loss mitigation, these people should not have to be licensed.
 2. *Senator Whipple*- Why?
 3. *Travis Hill*- These people are trying to figure out how to reduce payments, extend payment plan; this is a much larger group of people who will have to go through the licensing.

DELEGATE JOHN A. COSGROVE
DELEGATE ROSALYN R. DANCE
DELEGATE ROBERT D. HULL
DELEGATE DANIEL W. MARSHALL, III
DELEGATE G. GLENN ODER

SENATOR MAMIE E. LOCKE
SENATOR JOHN C. WATKINS
SENATOR MARY MARGARET WHIPPLE

F. GARY GARCZYNSKI
T. K. SOMANATH
MELANIE S. THOMPSON

4. *Delegate Marshall*- Twenty thousand to thirty thousand people would fall under this; should industry err on the side of trying to get as many people in the location registered as opposed to not?
 5. *Senator Watkins* - Unless there is some reason to change this, we need to go by the guidance of SCC, stick with what we have.
 6. *Joe Face*- HUD is charged with interpretation of the SAFE act, this is an issue that HUD is looking at and will hopefully render a decision on this.
 7. *Delegate Marshall*- We won't get this all correct the first time; we will probably have to tweak this legislation again in the coming years.
- iv. Language in line 73- keeps everyone from applying at one time; some additional discussion on this issue:
1. *Delegate Marshall*- Applicants will have to have training before application, but this training has not been established yet- this is part of the issue.
 2. *Delegate Hull* -Additional enactment clause; waive educational requirements pending approval of the courses- not part of the statute but has the effect of law.
 3. *Senator Locke*- What are the timelines for the Federal Government?
 4. *Sue Hancock*- The law passed in July, states have a year to pass an enabling statute; we were given these dates by HUD: July 1, 2009 for law to be in place, and another year to allow people to get licensed (2010).
 5. *Joe Face*- Starting August 1, 2009, any person who takes an application must be licensed and registered as mortgage loan originators; HUD has indicated that they understand this will take awhile, so can transition after this date.
- v. Line 88- application fee- "or a lesser amount"- language changed- caps the application fee, which is what the industry wanted; sets the fee at \$150 or a lesser amount; commission can lower the fee if don't think they need the full \$150.
- vi. Line 90- the application fee is not the only fee; let them know about other fees so not surprised when hit with them.
- vii. Line 118- changed language –background checks, fingerprints submission- "or any federal or state governmental agency" – to show that does not have to be submitted to a federal agency.
- viii. Line 146- qualifications section- new language takes out "reputation and experience" but keeps in "general fitness."
1. *Senator Watkins*- General fitness is defined with the SCC- used for all licensing?

2. *Joe Face*- Delegate Oder raised the question of this term; it is found in other acts; it is a term used widely in the code, and also used in the federal SAFE Act.
- ix. Line 242- 246- previously required that the license for the originator be prominently posted, this is probably not feasible. It is more important that consumer know where to call to check about an individual; now require that they post the number, make this available to the consumer to determine that individual properly licensed.
 1. *Delegate Hull*- Will each licensed individual get some kind of identifier card?
 2. *Sue Hancock*- Each will get some form of license.
- x. Line 263- license changes - “Chapter 16” mortgage lender and broker act, reference this instead of the title.
- xi. Line 292- License term was previously six months, kept at six months.
 1. *Delegate Marshall* – Why did we not go to 12 months?
 2. *Travis Hill* –The industry wanted 12; worried about the licensing process taking too long, because of the criminal background checks, etc.
 3. *Delegate Marshall*- Change it back to 12 months.
- xii. Line 293- loss of rights-new language- took out wording “suspend the rights of” and use more consistent language as is in Mortgage Lender and Broker act, and changed “this title” to “Chapter 16.”
- xiii. Line 312- filled in the fee- set it at \$100, but if it is determined that the cost is more (or less) than anticipated, than the Commissioner can increase or decrease this through the regulatory process.
- xiv. Effective date was moved to the body of the bill.
- d. *Delegate Marshall* – Any other questions or comments?
 - i. *Delegate Hull* – Lines 384-385 - Change this to the federal statute section instead of the name of the act – in case there are amendments to the law.
 - ii. *Senator Watkins* – Enactment clause- do something about the lapse between licensing and education piece, until it is approved and running.
 1. Travis Hill and Duke deHaas SCC are working on this.
 - iii. *Travis Hill* – Other things still up in the air:
 1. 6.1-431.5- Bonding – Discussion of surety bond- would this be done by code or regulation? The industry would like it to be done by code, but waiting to hear from HUD on what the tier structure would be.
 2. 6.1-431.16- Annual fees- individual responsible for investigation costs; working on language that would exempt individuals who work for licensed lenders to not be liable for these costs.
- e. *(Motion to endorse, moved and seconded, voted that the bill as changed should be endorsed and moved forward by the Commission.)*

III. Derelict Structures Work Group – Proposed Legislation

- a. *Senator Mamie Locke, Chair*
- b. *Mark Flynn, VML, Chip Dicks, VAR:*

- i. Changes have been made to the bill; have a consensus between property organizations and local government community.
- ii. *Delegate Hull*- This version is a good compromise, works well, and does more than the original legislation.
- iii. *Senator Watkins*- Were the property rights people involved in this bill?
- iv. *Chip Dicks*- Various real property organizations were all involved.
- v. *Senator Watkins*- Worried more about the individuals who don't like property seized; everyone needs to understand, will have to be adopted by local government before it can be implemented.
- vi. *Chips Dicks*- The legislation creates no new power to condemn property; it is trying to balance concerns knowing the overall perspective of the General Assembly with respect to blight, etc.; just streamlined the processes.
- vii. *Senator Watkins*- With regard to prioritization liens, if local government has to tear a building down and make changes, this is like a tax lien?
- viii. *Chip Dicks*- The language is consistent so everything is treated like a tax lien; these get recorded at circuit court clerk's office and become priority; streamlining this process.

c. *(Motion to endorse, moved and seconded, voted that the bill as changed should be endorsed and moved forward by the Commission.)*

IV. Common Interest Communities/Affordable Housing- Proposed Legislation

- a. *Senator Mary Margaret Whipple*
 - i. Do not have a draft of the legislation yet, but know of two substantive issues:
 - 1. Changes the amount the CIC boards pay on their annual fees from .02 percent to a greater percentage, otherwise office will not have sufficient funding.
 - ii. Other non-substantive changes that will also be made.
 - iii. Suggest that we endorse this new bill in concept and then when draft is ready will circulate to members.
- b. *(Motion to endorse on principal, moved and seconded, voted to endorse.)*

V. Senate Bill 299

- a. *Chip Dicks*
 - i. Proposed amendment to §58.1-3295.
 - ii. Assessments at highest and best use, not current use.
 - iii. If property is operated as affordable housing, even if could be used for something else, will be assessed at its use and not its potential use.
 - iv. Bill language:
 - 1. If owner owns property and using it as affordable housing, than owner can make an application and ask for it to be assessed as affordable housing; but if have building code violations at time they apply, then would not be eligible- safety net to keep slum lords from getting this benefit.

- b. *Delegate Hull*- Can only be assessed at highest and best use within zoning cap; no discretion, have to be approved if meet requirements?
 - i. *Chip Dicks*- Yes.
- c. *(Motion to endorse, moved and seconded, voted that the bill should be endorsed and moved forward by the Commission.)*

VI. Virginia Housing Policy Trends- *Barry Merchant, VHDA*- report- Accommodating the Housing Needs of Generation Y (power point presentation)

- a. Purpose: To determine how different housing needs will look as move out of the economic downturn into new stage of recovery.
- b. Generational shift in housing needs with significant changes in housing finance; needs of young households.
- c. Housing needs change with age:
 - i. young
 - ii. middle age
 - iii. empty nesters/early retirees
 - iv. older seniors
- d. New market- young households and early retirees will dominate.
- e. Current economic conditions may reshape baby boomer choices.
- f. Today's housing stock is not adequate to meet emerging needs.
 - i. Large supply of trade-up homes.
- g. Affordable rental housing will be especially needed.
- h. Generation Y may have more difficulty achieving homeownership- high levels of debt, student loans and credit cards- may mean a postponement of home ownership.

VII. Tidewater Housing Study- *Connie Chamberlin, HOME President* (power point presentation)

- a. Study recently concluded in Tidewater.
- b. Controlled match pair testing- snapshot of housing market, not a statistical study:
 - i. Sixty-six percent of the time African Americans received worse treatment than the white comparison when seeking housing.
 - ii. Specific examples in slides.
 - iii. *Delegate Marshall*- What type of apartment complexes did you look at?
 - 1. *Connie Chamberlin*- Almost all types – rents ranging from \$600 to \$2500. Most were complexes, some were single-family, and some were professionally managed.
 - iv. *Delegate Marshall*- Regarding those professionally managed, was this at the ground level or corporate level?
 - 1. *Connie Chamberlin*- This is the ground level; people going in and asking about rentals.
- c. Single contact testing:
 - i. based on policies;
 - ii. design and construction requirements- accessibility;

- iii. results show that at least 84 percent were non-compliant in at least one area .
 - d. Reasonable modifications:
 - i. Would housing provider allow installation of grab bars in bathroom?
 - 1. Eighty percent agreed that this was okay.
 - ii. Service animal allowed?
 - 1. Seventy-six percent rejected, discouraged, or imposed illegal fees.
 - e. Families with children:
 - i. Fifteen percent discouraged families with children.
 - ii. Eighty-five percent willing to accept families with children at general occupancy standard.
 - f. Housing choice vouchers – selected housing that met income reasonableness requirements but who did not mention the vouchers in their advertisements:
 - i. Eighty-five percent discouraged or rejected.
 - g. Requesting that housing commission take up the issue of housing discrimination in its charge for next year.
 - h. *Delegate Marshall*- suggest that the Commission look into this.

VIII. Senator Whipple- Housing Trust Fund-

- a. Top priority for Virginia Housing Coalition; would be a good idea to try to go forward with it this year
- b. Start by introducing the bill to the Senate, make some progress with it this year.
- c. Best source of funding:
 - i. Ten percent of year-end balance- only receive significant money in a year in which there is a good economy, significant balance that allows the 10 percent to amount to something.
- d. Old Virginia Housing Partnership Trust Fund exists currently in the code.
- e. *Delegate Hull*- Once set up, there might be an opportunity to get private funds or federal funds.
- f. *Delegate Marshall*- Rural folks will see this as an urban issue; what are the advantages of this fund for them?
- g. *Senator Whipple*- The housing funding problems are statewide; in rural areas, tends to be the state of the housing rather than the actual cost of the housing. A group that would improve the physical structures of housing could qualify for the funds.

IX. Adjourn